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Product Brief

Horse Market Brief - Korea

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Report Highlight

Imports of thoroughbreds for breeding, race horses, and other horses reached \$7 million in the year 2000. The U.S. dominates the market for Thoroughbred mares for breeding purposes, but lack of promotional programs and strong competition from Australia and New Zealand threaten to erode U.S. market share.

The overall demand for thoroughbred mares will increase over the next several years, with the opening of another race course in 2004. A possible change in government regulations would allow registered race horse owners to import horses directly, rather than through the race horse association as in the past. This would likely have a positive impact on the race horse market.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Seoul ATO [KS2], KS

Market Brief on Horses

1. Market Prospects

Summary

Korea has a small but booming race horse industry. There are two horse race courses in Korea, one in Kwacheon (in the suburb of Seoul), and the other on Jeju Island, south of the Korean Peninsula. There are about 1,350 race horses registered in Kwacheon and 500 Jeju race ponies (indigenous local ponies) registered in Jeju. Horse races are held on weekends only in Korea. Another race course is scheduled to open in Pusan in the spring of 2004.

Thoroughbred horse breeders import about 200 Thoroughbred mares (breeding purpose) annually, mostly from the United States at an annual value of about \$4 million. The Seoul Racehorse Owners Association imports about 300 race horses (Thoroughbred, but racing purpose, not breeding purpose) annually from various countries. The Korea Racing Association (KRA), Jeju raises and trains about 300 yearlings on its stud farm and also has about 20 stallions. The KRA, Jeju imports about 3 to 5 stallions a year, mostly from the United States.

There is good potential for Thoroughbred mares because Korea imports about 200 Thoroughbred mares annually, there will be more demand for Thoroughbred mares with the opening of the Pusan race course in 2004, and the import price per head continues to rise.

Advantages

- ! Strong demand for Thoroughbred mares and race horses
- ! Rising reputation for US Thoroughbred mares
- ! No tariffs for Thoroughbred mares
- ! Opening of a new race course in Pusan in 2004
- ! Thoroughbred mare breeding supported by the government

Challenges

- ! Few active promotional activities from the United States
- ! Korean buyers lack familiarity with U.S. sources
- ! US exporters lack knowledge of Korean market

2. Industry Profile

There are about 90 thoroughbred horse breeders across the country, raising a total of about 2,250 foals, yearlings, colts, fillies and horses. Thoroughbred horse breeders import about 200 Thoroughbred mares annually, mostly from the United States. These breeders mainly import pregnant mares, the foals of which, once born in Korea, are considered domestic horses. When the foals become 6 months old, breeders normally sell about 30 percent of the foals to the Korea Racing Association, Jeju which trains them for about 18 months. At 2 years, the KRA then sells

them to race horse owners through auctions. Breeders raise the remaining 70 percent on their farms and sell them to race horse owners directly for racing.

Collectively Seoul Racehorse Owners Association (SROA) about 300 race horses annually from various countries, and sells them to race horse owners under a lottery system. However, the SROA plans to allow individual race horse owners to import race horses directly beginning in 2002 and thereafter on the condition that the import prices will be \$10,000 or less a head.

The Korea Racing Association (KRA), a quasi-government agency, runs the race courses in Kwacheon and Jeju. There are about 1,350 race horses registered with Kwacheon race course and about 500 Jeju ponies (indigenous local small horses) registered with the Jeju race course. There are also about 400 equestrian event (sport) horses registered in Korea. A few dozen equestrian event (sport) horses are imported annually. The KRA also has a stud farm on Jeju where they raise and train about 300 yearlings purchased from Thoroughbred breeders. The KRA, Jeju closely works with the members of the Korea Thoroughbred Breeders' Association. They provide breeders with free stud services, medical services and others.

Breeders say that imports of Thoroughbred mares will increase while imports of race horses will decrease in the future. This means that race horse owners will buy more horses from local Thoroughbred horse breeders in the future, reducing direct imports of race horses from overseas.

Most Thoroughbred horse breeders lack familiarity with U.S. horse suppliers, medicines and vaccines. They would like to establish good business relationships with U.S. suppliers, exchange technical information, and undertake mutual visits.

3. Imports and Tariff

1) Total Imports of Horses in Korea

Year	Pure-bred Breeding Horse (Value: \$000)		Racing Horse (Value: \$000)		Other Horse (Value: \$000)		Total Imports (Value: \$000)	
	Head	Value	Head	Value	Head	Value	Head	Value
1996	199	1,751	567	2,844	150	2,752	916	7,347
1997	116	799	550	6,305	64	1,323	730	8,427
1998	10	30	291	1,747	0	0	301	1,777
1999	106	1,523	360	2,284	6	23	472	3,830
2000	221	4,017	300	2,456	37	629	558	7,102
2001*	37	245	27	397	15	80	79	722

*Imports in 2001 are for January through May

Sources: Korea Trade Information Service, Korea Racing Association and Korea Thoroughbred Breeders' Association

2) Imports of Thoroughbred Breeding Horses by Country

2000			Jan.-May 2001		
Country	Head	Value (\$)	Country	Head	Value (\$)
USA	153	3,573,000	USA	23	120,000
Australia	53	425,000	Australia	8	105,000
Others	15	19,000	Others	6	20,000
Total	221	4,017,000	Total	37	245,000

Sources: Korea Trade Information Service, Korea Racing Association and Korea Thoroughbred Breeders' Association

3) Imports of Race Horses by Country

2000			Jan.-May 2001		
Country	Head	Value (\$)	Country	Head	Value (\$)
Australia	54	472,000	Australia	18	197,000
Germany	17	366,000	Germany	2	75,000
New Zealand	123	819,000	Belgium	6	72,000
Russia	29	286,000	Hungary	1	53,000
USA	63	414,000			
Others	14	100,000			
Total	300	2,456,000	Total	27	397,000

Sources: Korea Trade Information Service, Korea Racing Association and Korea Thoroughbred Breeders' Association

4) With approval from the competent government agencies, the tariff for Thoroughbred mares and equestrian event horses used in national equestrian competitions is currently zero percent. The tariff for race horses, stallions and other horses are 8 percent imposed on the CIF value.

4. Competition

Most race horses have been purchased from Europe and Australia while most Thoroughbred mares have been purchased from the United States. Horses imported from the U.S. come largely from Maryland and Kentucky. However, a growing number are coming from California and Florida, too.

As for Thoroughbred mares, Australia is the only competitor but New Zealand will be another competitor. The Korea Thoroughbred Breeders' Association said that Australia and New Zealand are very active in Korea. They visit the association and hold promotional activities including seminars. The Association said that unlike its competitors, the United States has not conducted any promotional activities in recent years, and added that the U.S. may lose the horse

market in Korea if it doesn't do proper promotional activities.

Australia and New Zealand are our major competitors for race horses. However, if race horse owners import directly, more race horses are expected to be imported from the United States with proper promotions.

5. Market Access

Today, both Thoroughbred horse breeders and race horse owners are purchasing more higher quality horses than ever before and will continue to do so. Accordingly, the import price per head is increasing every year. The market for both Thoroughbred mares and race horses will be prospective in Korea.

Therefore, U.S. horse suppliers should visit and/or contact Korean horse buyers for their promotional activities, maintain good relationships, hold seminars, exchange technical information, and invite horse people to their place. Thoroughbred horse breeders would like to visit the U.S. and purchase horses during the horse auctions held in the United States. In October 2001 a dozen Korean thoroughbred mare breeders are expected to participate in the Florida auction.

Thoroughbred horse breeders are farmers, and most of them are not well aware of up to date information. They need information on sources of suppliers of horses, medicines, vaccines, etc. ATO Seoul plans to get involved actively in horse trade, maintain good relationships with breeders, and try to conduct horse buying missions in the future.